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CONFERENCE OF THE PARTIES

REPORT OF THE CONFERENCE OF THE PARTIES ON THE FIRST PART OF ITS SIXTH SESSION, HELD AT THE HAGUE FROM 13 TO 25 NOVEMBER 2000

Addendum

PART THREE: TEXTS FORWARDED TO THE RESUMED SIXTH SESSION BY THE CONFERENCE OF THE PARTIES AT THE FIRST PART OF ITS SIXTH SESSION

1. Part Three of the Report of the Conference of the Parties on the first part of its sixth session contains negotiating texts under consideration by the Conference.

2. This volume contains negotiating texts submitted by the President to the Conference at the ninth plenary meeting following informal consultations. They are based on texts forwarded by the subsidiary bodies to the Conference at the third plenary meeting under agenda item 3.

3. The Conference took note of these texts, recognizing that the texts forwarded to the Conference by the subsidiary bodies, contained in document FCCC/CP/2000/INF.3 (Volumes I - V), also remain on the table.

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I. IMPLEMENTATION OF ARTICLE 4, PARAGRAPHS 8 AND 9, OF THE CONVENTION (DECISION 3/CP.3 AND ARTICLE 2, PARAGRAPH 3, AND ARTICLE 3, PARAGRAPH 14, OF THE KYOTO PROTOCOL

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(Agenda item 7 (f))

[Draft decision(s)[1]

[Draft decision -/CP.6]

Implementation of Article 4.8 and 4.9 of the Convention (decision 3/CP.3 and Articles 2.3 and 3.14 of the Kyoto Protocol)

Matters relating to Article 3.14 of the Kyoto Protocol

Preambular paragraphs relating to Article 4.8 and 4.9 of the Convention:

The Conference of the Parties,

Determined to protect the climate system for present and future generations,

Reaffirming the commitment of the Parties to implement the provisions of the Convention,

Recalling its decision 11/CP.1, paragraph 1 (a) and (d) on policies, programme priorities and eligibility criteria regarding adaptation, particularly the matter of funding stages I, II and III of implementation,

Recalling also its decision 1/CP.4, paragraph 1 (c), on the implementation of Article 4.8 and 4.9 of the Convention (covering also Articles 2.3 and 3.14 of the Kyoto Protocol),

Recalling further its decisions 3/CP.3, 5/CP.4, 8/CP.4 and 12/CP.5,

Recognizing the specific needs and concerns of developing country Parties referred to in Article 4.8 of the Convention, and the specific needs and special situations of the least developed countries referred to in Article 4.9,

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[1] This text was given restricted distribution at the first part of the sixth session, under the symbol FCCC/CP/2000/CRP.5.

Recognizing further that low-lying and other small island countries, countries with low-lying coastal, arid and semi-arid areas or areas liable to floods, drought, and desertification, and developing countries with fragile mountainous ecosystems are particularly vulnerable to the adverse effects of climate change,

Recognizing the special difficulties of those countries, especially developing countries, whose economies are particularly dependent on fossil fuel production, use and exportation, as a consequence of action taken to limit greenhouse gas emissions,

Reaffirming that Parties should protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities, and that accordingly, the developed country Parties should take the lead in combating climate change and the adverse effects thereof,

Reaffirming that the specific needs and special circumstances of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change, and of those Parties, especially developing country Parties, that would have to bear a disproportionate or abnormal burden under the Convention, should be given full consideration,

Affirming that responses to climate change should be coordinated with social and economic development in an integrated manner with a view to avoiding adverse impacts on the latter, taking into full account the legitimate priority needs of developing countries for the achievement of sustained economic growth and the eradication of poverty,

Acknowledging the efforts already made by Parties to meet the specific needs and concerns of developing country Parties, in particular the least developed countries, with regard to adaptation,

Acknowledging the need to sensitize policy makers and the general public in non-Annex I countries to climate change and its effects, in accordance with Article 6 (a) of the Convention,

Having considered the report,[2] in two parts, on the two workshops referred to in decision 12/CP.5,

Noting the uncertainties highlighted by those workshops, particularly in regard to the impact of response measures,

Reaffirming that the extent to which developing country Parties will effectively implement their commitments will depend on the effective implementation by the developed country Parties of their commitments related to financial resources and transfer of technology and will take fully into account that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties,

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[2] FCCC/SB/2000/2.

Acknowledging that the impact of the implementation of response measures will differ significantly from country to country, depending on each country's unique national circumstances, including the structure of its economy, trade and investment flows, natural resource endowment, social system, legal regime, and population growth rate,

Recognizing that the least developed countries are among the most vulnerable to the adverse effects of climate change, and in particular that widespread poverty limits their adaptive capacity,

Acknowledging that the human, infrastructural and economic conditions of the least developed countries severely limit their capacities to participate effectively in the climate change process,

Noting that many of the least developed country Parties do not have the capacity to prepare and submit national communications in the foreseeable future,

Preambular paragraphs relating to Article 3.14 of the Kyoto Protocol:

<The following preambular paragraphs are not agreed as yet, pending agreement on other parts of the text on Article 3.14, as well as whether there would be one or two decisions on the two agenda items>

Determined to protect the climate system for present and future generations,

Having considered matters relating to Article 3.14 of the Kyoto Protocol,

Recalling its decision 8/CP.4, particularly as it refers to decision 5/CP.4,

Reaffirming that the extent to which developing country Parties will effectively implement their commitments will depend on the effective implementation by the developed country Parties of their commitments related to financial resources and transfer of technology and will take fully into account that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties,

Reaffirming that Parties should protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities, and that accordingly, the developed country Parties should take the lead in combating climate change and the adverse effects thereof,

Recognizing that developing country Parties that would have to bear a disproportionate or abnormal burden under the Convention should be given full consideration,

Recognizing the special difficulties of those countries, especially developing countries, whose economies are particularly dependent on fossil fuel production, use and exportation, as a consequence of action taken to limit greenhouse gas emissions,

Recognizing the role that cost-effective and transparent flexibility mechanisms of the Kyoto Protocol could have in minimizing the impacts of response measures on non-Annex I Parties,

Reaffirming the environmental benefits of protecting and enhancing sinks and reservoirs of greenhouse gases, in accordance with Article 2.1(a)(ii) of the Kyoto Protocol, taking into account commitments under other relevant international environmental agreements,

Reaffirming the importance of domestic policies and measures to reduce anthropogenic emissions of greenhouse gases in each Party included in Annex I, in minimizing the adverse effects of climate change,

Acknowledging the key role that can be played by the progressive reduction or phasing out of market imperfections, fiscal incentives, tax and duty exemptions and subsidies in all greenhouse gas emitting sectors that run counter to the objective of the Convention and application of market instruments, in accordance with Article 2.1(a)(v) of the Kyoto Protocol,

I

ADVERSE EFFECTS OF CLIMATE CHANGE

Section A

1. *Asserts* the importance of a country-driven approach that allows developing country Parties to pursue the specific activities most appropriate to their unique national circumstances;

2. *Insists* that action related to adaptation follow an assessment and evaluation process, based on national communications and [/or] other relevant information, so as to prevent maladaptation and to ensure that adaptation actions are environmentally sound and will produce real benefits in support of sustainable development;

3. *Encourages* Parties not included in Annex I to the Convention (non-Annex I Parties) to provide information, including in their national communications, and/or any other relevant information sources, on their specific needs and concerns arising from the adverse effects of climate change;

4. *Stresses* the need for Parties included in Annex II to the Convention (Annex II Parties) to provide detailed information, including in their national communications, on support programmes to meet the specific needs and circumstances of developing country Parties arising from the adverse effects of climate change;

5. *Encourages* Parties to exchange information on their experience regarding the adverse effects of climate change and on measures to meet their needs arising from these adverse effects;

6. *Underlines* the importance of the ongoing work of the secretariat in compiling and disseminating information on methods and tools to evaluate impacts and adaptation strategies;

Section B

7. [*Requests* Annex II Parties to continue to cooperate and to provide new, additional and sufficient financial and technological support through new and existing relevant mechanisms, including the Global Environment Facility, for specific activities listed below, in accordance with the national circumstances and sustainable development priorities of non-Annex I Parties:] *<bracketed pending agreement on funding issues>*

(a) Information and methodologies:

(i) Improving data collection and information gathering, as well as the analysis, interpretation and dissemination to end-users;

(ii) Integrating climate change considerations into sustainable development planning;

(iii) Providing training in specialized fields relevant to adaptation such as climate and hydroclimate studies, geographical information systems, environmental impact assessment, modelling, integrated coastal zone management, soil and water conservation and soil restoration;

(iv) Strengthening existing and, where needed, establishing national and regional systematic observation and monitoring networks (sea level, climate and hydrological regimes, fire hazards, land degradation, floods, cyclones and droughts);

(v) Strengthening existing and, where needed, establishing national and regional centres and institutions for the provision of research, training, education and scientific and technical support in specialized fields relevant to climate change, utilizing information technology as much as possible;

(vi) Strengthening existing and, where needed, establishing national and regional research programmes on climate variability and climate change, oriented towards improving the knowledge of the climate system on the regional scale, and creating national and regional scientific capability;

(vii) Supporting education and training in, and public awareness of, climate change related issues, for example through workshops, and information dissemination;

(b) Vulnerability and adaptation:

(i) Supporting enabling activities for vulnerability and adaptation assessment;

(ii) Enhancing technical training for integrated climate change impact, vulnerability and adaptation assessments, across all relevant sectors, and environmental management related to climate change;

(iii) Enhancing capacity, including institutional capacity, to integrate adaptation into sustainable development programmes;

(iv) Promoting the transfer of adaptation technologies;

8. [*Requests* Annex II Parties to continue to cooperate and to provide new, additional and sufficient financial and technological support, through new and existing relevant mechanisms, including where appropriate the Adaptation Fund established under decision …, for specific activities listed below, in accordance with the national circumstances and sustainable development priorities of non-Annex I Parties:] <*bracketed pending agreement on funding issues*>

(a) Establishing pilot or demonstration projects to show how adaptation planning and assessment can be practically translated into projects that will provide real benefits, and may be integrated into national policy and sustainable development planning, on the basis of information provided in the national communications from non-Annex I Parties, and [/or] other relevant sources, and of the staged approach endorsed by the Conference of the Parties in its decision 11/CP.1;

(b) [Starting the implementation of adaptation activities where sufficient information is available to warrant such activities, *inter alia*, in the areas of water resources management, land management, agriculture, health, infrastructure development, fragile ecosystems, and integrated coastal zone management;] <*bracketed pending a decision on other relevant agenda items*>

(c) Improving monitoring of diseases and vectors affected by climate change, and related forecasting and early-warning systems, and in this context, improving disease control and prevention;

(d) Capacity-building, including institutional capacity, for preventive measures, planning, preparedness and management of disasters related to climate change, including contingency planning, in particular, for droughts and floods in areas prone to extreme weather events;

(e) Strengthening existing and, where needed, establishing early warning systems for extreme weather events in an integrated and interdisciplinary manner to assist developing country Parties, in particular those most vulnerable to climate change;

(f) [Strengthening existing and, where needed, establishing national and regional centres and information networks for rapid response to extreme weather events, utilizing information technology as much as possible;]

(g) [Improving climate-induced disaster relief for vulnerable developing country Parties under Article 4.8 and 4.9 of the Convention;]

[Establishing a disaster fund for climate induced disaster relief for vulnerable countries as well as non-climate related disaster relief]

9. *Requests* the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation to review, at their subsequent sessions, the progress of the above-mentioned activities and make recommendations thereon to the Conference of the Parties at its eighth session;

II

IMPACT OF THE IMPLEMENTATION OF RESPONSE MEASURES

10. *Stresses* that Parties should take action consistent with the provisions of the Convention;

11. [*Requests* Annex II Parties to provide developing country Parties with new, additional and sufficient financial resources and technical support for the activities listed in paragraphs xx below; these resources shall be provided through new and existing channels;]

[*Decides* that, in order to minimize the impacts of response measures, Annex II Parties shall provide developing country Parties with new, additional and sufficient financial resources and technical support on a timely, [ongoing] [continuing] basis for the activities listed in paragraphs xx below; these resources shall be provided through new and existing financial and funding mechanisms;]

Section A

12. *Encourages* non-Annex I Parties to provide information in their national communications and/or other relevant reports, on their specific needs and concerns arising from the impact of the implementation of response measures;

13. *Requests* Annex II Parties and other Annex I Parties that are in a position to do so to provide detailed information, in their national communications and/or any other relevant reports, on their existing and planned support programmes to meet the specific needs and concerns of developing country Parties arising from the impact of the implementation of response measures;

14. [*Reiterates*, as stated in decision 12/CP.5, sixth preambular paragraph, that the identification of initial actions needs "to be based on sufficient information and analysis within a clearly-defined process";]

15. [*Recommends* that the methodological aspects relating to the impact of response measures address the following issues:

(a) Developing methodologies for assessing, and case studies describing, the impact of response measures since the Convention entered into force;

(b) Incorporating information from developing country Parties on the impact of response measures into the above-mentioned methodological work;

(c) Developing methodologies for assessing possible effects of alternative future response measures;]

16. [*Invites* the Intergovernmental Panel on Climate Change to prepare a special report on the different aspects related to the assessment of the impact of response measures on developing countries, particularly the least developed countries;]

17. *Encourages* Annex I and non-Annex I Parties to cooperate in creating favourable conditions for investment in sectors where such investment can contribute to economic diversification;

18. *Requests* the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation to review, at their subsequent sessions, [information related to the impacts of response measures in the Third Assessment Report of the Intergovernmental Panel on Climate Change and the special report referred to in paragraph xx with a view to making recommendations as appropriate to COP 7] [progress on the above-mentioned activities with a view to making recommendations to COP 8];

Section B

19. [*Decides* to consider modalities relating to the provision of financial resources and insurance to developing country Parties impacted by the implementation of response measures;]

[*Decides* to establish a fund to provide financial resources and insurance to developing country Parties impacted by the implementation of response measures;]

20. [*Requests*] [*Decides* that] Annex II Parties [to] [shall] assist developing countries, in particular those most vulnerable to the impact of the implementation of response measures, in meeting their capacity-building needs for the implementation of programmes which address these impacts;

21. *Urges* Parties to consider appropriate technological options in addressing the impact of response measures, consistent with national priorities, and indigenous resources;

22. *Encourages* Parties to cooperate in the technological development of non-energy uses of fossil fuels, and requests Annex II Parties to support developing country Parties to this end;

23. *Encourages* Parties to cooperate in the development, diffusion and transfer of less greenhouse gas emitting advanced fossil-fuel technologies, and/or technologies relating to fossil fuels, that capture and store greenhouse gases, and requests Annex II Parties to facilitate the participation of the least developed countries and other non-Annex I Parties in this effort;

24. *Urges* Annex II Parties to provide financial and technological support for strengthening the capacity of developing country Parties identified in Article 4.8 and 4.9 of the Convention for improving efficiency in upstream and downstream activities relating to fossil

fuels, taking into consideration the need to improve the environmental efficiency of these activities;

25. [*Encourages* Annex II Parties to promote investment in, and support, developing country Parties in the development, production, distribution and transport of indigenous, less greenhouse gas emitting, environmentally sound,[3] energy sources, including natural gas, according to the national circumstances of each of these Parties;]

26. [*Requests* Annex II Parties to provide support for research into, and the development and use of, renewable energy, including solar and wind energy, in developing country Parties;]

27. *Requests* the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation to consider, at their subsequent sessions, the response by Parties to the actions listed in paragraphs [xx] above;

III

SPECIFIC NEEDS AND SPECIAL SITUATIONS OF THE LEAST DEVELOPED COUNTRIES

<This is based on the latest version submitted by the group of least developed countries. The brackets represent disagreement at the time of the consultations that were held. However, bilateral consultations may have already resulted in agreement on the text below>

28. [*Decide*, to establish a least developed countries climate change institutional development trust fund, to be managed by the secretariat, to assist least developed country Parties in overcoming basic institutional limitations which impede their effective participation in the climate change process, including through the following:]

(a) Strengthening existing, and where needed establishing, national climate change secretariats and/or focal points to enable the effective implementation of the Convention and the Kyoto Protocol, in least developed country Parties;

(b) Providing training, on an ongoing basis, in negotiating skills and language, where needed, to develop the capacity of negotiators from the least developed countries to participate effectively in the climate change process;

29. *Invites* least developed country Parties to provide information on their specific needs related to subparagraphs 28. (a) and (b) above, to the secretariat, before 15 February 2001;

30. *Requests* the secretariat to compile the information referred to in paragraph 29. above in a report, which should also provide a preliminary estimate of the amount of funding needed to implement the above-mentioned activities, for consideration by the subsidiary bodies at their fourteenth sessions;

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[3] Throughout this text, the term "environmentally sound" means "environmentally safe and sound".

31. [*Invites* Annex II Parties to pledge funds for the least developed countries climate change institutional development trust fund, referred to in paragraph 28. above;]

32. *Invites* Annex II Parties to support least developed country Parties for the following activities:

(a) Promotion of public awareness programmes to ensure the dissemination of information on climate change issues;

(b) Development and transfer of technology, particularly adaptation technology, in accordance with decision n/CP.6;

(c) Strengthening the capacity of meteorological and hydrological services to collect, analyse, interpret and disseminate weather and climate information to support implementation of national adaptation programmes of action;

33. *Decides* that support be provided for the development, by the least developed countries, of national adaptation programmes of action, which will serve as a simplified and direct channel of communication of information relating to the vulnerabilities and adaptation needs of the least developed countries; the information contained in national adaptation programmes of action may constitute the initial step in the preparation of initial national communications;

34. [*Decides* to establish a long-term least developed country climate change adaptation fund, based on the adaptation needs communicated to the Conference of the Parties, through their national adaptation programmes of action and/or their national communications, to implement the national adaptation programmes of action; the discussions on the modalities for the establishment of this fund shall be initiated at the seventh session of the Conference of the Parties;]

35. *Requests* the subsidiary bodies to consider the recommendations related to the guidelines for the preparation of national adaptation programmes of action referred to in paragraphs 46. and 47. below, and to forward, as appropriate, a draft decision for consideration by the Conference of the Parties at its seventh session;

36. *Requests* the subsidiary bodies to consider the recommendations referred to in Paragraph 47. below, concerning possible amendments to the terms of reference of the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention, prepared with a view to providing technical advice for the preparation of national adaptation programmes of action, and to forward, as appropriate, a draft decision for consideration by the Conference of the Parties at its seventh session;

37. *Decides* to consider, at its seventh session, the establishment of a least developed country group of experts, including its terms of reference, taking into account geographical balance, as well as the above-mentioned consideration of the terms of reference of the Consultative Group of Experts;

38. *Decides* to assess, at its seventh session, the status of implementation of Article 4.9 of the Convention and to consider further action thereon;

IV

FURTHER MULTILATERAL WORK RELATED TO ISSUES UNDER ARTICLE 4.8 AND 4.9 OF THE CONVENTION

39. *Requests* the secretariat to organize regional workshops in order to facilitate information exchange and integrated assessments, including for adaptation and technology transfer;

40. *Requests* the secretariat to organize a workshop, [before the seventh session of the Conference of the Parties,] on the status of modelling activities to assess the adverse effects of climate change and the impact of response measures already implemented on individual developing country Parties, including on how to enhance the participation of developing country experts in such efforts, and to report the results of this workshop to the Conference of the Parties at its seventh session;

41. *Requests* the secretariat to organize a workshop, [before the seventh session of the Conference of the Parties,] on insurance-related actions to address the specific needs and concerns of developing country Parties arising from the adverse effects of climate change and from the impact of the implementation of response measures, and to report the results of this workshop to the Conference of the Parties at its seventh session;

42. [*Requests* the secretariat to organize a workshop, before [SB 14] [COP 7], on the possible synergies and joint action with the other multilateral environmental conventions and agreements such as the Convention to Combat Desertification, and to report the results of this workshop to the Conference of the Parties at its seventh session;]

43. *Requests* the secretariat to organize a workshop, [before the eighth session of the Conference of the Parties,] on the needs and options of non-Annex I Parties for economic diversification, and on support programmes by Annex II Parties to address these needs, and to report the results of this workshop to the Conference of the Parties at its eighth session;

44. *Requests* the secretariat to organize a workshop, [before the eighth session of the Conference of the Parties,] on insurance and risk assessment in the context of climate change and extreme weather events, and to report the results of this workshop to the Conference of the Parties at its eighth session;

45. *Invites* relevant international organizations to cooperate in promoting methodologies to distinguish climate change related impacts from other impacts;

<The following two paragraphs are part of a new proposal by the least developed countries which has not been discussed with other Parties>

46. *Requests* the secretariat to organize a workshop involving six resource persons from least developed countries, plus other relevant experts, to develop draft guidelines for the

preparation of national adaptation programmes of action before the fourteenth sessions by the subsidiary bodies;

47. *Requests* the secretariat to organize a two-day meeting immediately preceding the fourteenth session of the subsidiary bodies, with the participation of representatives from least developed country Parties to:

(a) Review progress on the development of the draft guidelines for the preparation of national adaptation programmes of action, based on the results of the workshop;

(b) Exchange experience on local practices to assess and address vulnerability to climate change;

(c) Consider future multilateral activities to promote further exchange of views among the least developed countries, both on a regional and on a thematic basis;

(d) [Recommend amendments to the terms of reference of the Consultative Group of Experts with a view to providing technical advice on the preparation of national adaptation programmes of action;]

(e) Report to the subsidiary bodies at their fourteenth sessions, with a view to making recommendations to the seventh session of the Conference of the Parties;

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xx. *Recommends* that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, at its first session after entry into force of the Protocol, adopt the following decision.

[Draft decision -/[CMP].1]

[Matters relating to Article 3.14 of the Kyoto Protocol]

<Following is a compromise proposal by the co-facilitators, Mr. Bo Kjellén and Mr. Mohammad Salamat, following consultations with a number of Parties; despite the fact that this has not yet been shared with the Parties, the co-facilitators believe that this proposal is balanced and has a chance of receiving the support of the different Parties>

The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,

Determined to protect the climate system for present and future generations,

Having considered matters relating to Article 3.14 of the Kyoto Protocol,

Recalling decision 8/CP.4 of the Conference of the Parties, particularly as it refers to decision 5/CP.4 of the Conference of the Parties,

Recalling also decisions 5/CP.4 and 12/CP.5 of the Conference of the Parties,

Recognizing that decision -/CP.6 of the Conference of the Parties establishes appropriate mechanisms for implementing actions for information gathering and exchange on issues relating to the adverse effects of climate change and/or the impact of response measures,

Reaffirming that the extent to which developing country Parties will effectively implement their commitments will depend on the effective implementation by the developed country Parties of their commitments related to financial resources and transfer of technology and will take fully into account that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties,

Reaffirming that Parties should protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities, and that accordingly, the developed country Parties should take the lead in combating climate change and the adverse effects thereof,

Recognizing that developing country Parties that would have to bear a disproportionate or abnormal burden under the Convention should be given full consideration,

Noting in particular the invitation contained in decision -/CP.6 of the Conference of the Parties to the Intergovernmental Panel on Climate Change to prepare a special report on the different aspects related to the assessment of the impact of the implementation of response measures on developing countries, particularly the least developed countries,

Recognizing the special difficulties of those countries, especially developing countries, whose economies are particularly dependent on fossil fuel production, use and exportation, as a consequence of action taken to limit greenhouse gas emissions,

Recognizing the role that cost-effective and transparent flexibility mechanisms of the Kyoto Protocol could have in minimizing the impacts of response measures on non-Annex I Parties,

Reaffirming the environmental benefits of protecting and enhancing sinks and reservoirs of greenhouse gases, in accordance with Article 2.1(a)(ii) of the Kyoto Protocol, taking into account commitments under other relevant international environmental agreements,

Reaffirming the importance of domestic policies and measures to reduce anthropogenic emissions of greenhouse gases in each Party included in Annex I, in minimizing the adverse effects of climate change and the impact of the implementation of response measures,

Acknowledging the key role that can be played by the progressive reduction or phasing out of market imperfections, fiscal incentives, tax and duty exemptions and subsidies in all greenhouse gas emitting sectors that run counter to the objective of the Convention and application of market instruments, in accordance with Article 2.1(a)(v) of the Kyoto Protocol,

1. *Decides* to establish a process to address the implementation of Article 3.14 of the Kyoto Protocol, including information exchange and the development of methodologies on all aspects of the minimization of adverse social, environmental and economic impacts on developing country Parties, particularly those identified in Article 4.8 and 4.9 of the Convention, including methodologies related to the establishment of funding, insurance and transfer of technology;

Section A

2. *Requests* Annex I Parties to provide information, as part of the necessary supplementary information to their annual inventory report, in accordance with the guidelines under Article 7.1 of the Kyoto Protocol, relating to how they are striving, under Article 3.14 of the Kyoto Protocol, to implement their commitments mentioned in Article 3.1 of the Kyoto Protocol in such a way as to minimize adverse social, environmental and economic impacts on developing country Parties, particularly those identified in Article 4.8 and 4.9 of the Convention, and further requests Annex I Parties to incorporate, in this respect, information on action identified in paragraph 7. below;

3. *Requests* Annex I Parties to incorporate in their national communications, pursuant to Article 7.2 of the Kyoto Protocol, information on action identified in paragraphs xx below.

4. *Invites* non-Annex I Parties to provide information on their specific needs and concerns related to the adverse social, environmental and economic impacts arising from the

implementation of commitments under Article 3.1 of the Kyoto Protocol, and encourages Annex I Parties to provide support for that purpose;

5. *Decides* to develop guidelines before the second session of the Conference of the Parties serving as the meeting of the Parties to help determine if Annex I Parties are striving to minimize adverse effects, including the adverse effects of climate change, effects on international trade, and social, environmental and economic impacts on other Parties, especially developing country Parties, and in particular those identified in Article 4.8 and 4.9 of the Convention;

6. *Invites* the Intergovernmental Panel on Climate Change, in cooperation with other relevant organizations, to prepare a technical paper on geological carbon storage technologies, covering current information, and report on it for its consideration at its xx session;

Section B

7. *Requests* Annex II Parties, and other Annex I Parties in a position to do so, to give priority to the following actions in implementing their commitments under Article 3.14 of the Kyoto Protocol:

(a) Reviewing and, where appropriate, readjusting energy taxation systems to reflect the greenhouse gas content in all greenhouse gas emitting sectors, taking into account the need for energy price reforms to reflect market prices and externalities;

(b) Removing subsidies associated with the production of fossil fuels in Annex I Parties;

(c) Removing subsidies associated with the use of environmentally unsound[4] technologies;

(d) Cooperating in the technological development of non-energy uses of fossil fuels, and supporting developing country Parties to this end;

(e) Cooperating in the development, diffusion and transfer of less greenhouse gas emitting advanced fossil-fuel technologies, and/or technologies relating to fossil fuels that capture and store greenhouse gases, and encouraging their wider use; and facilitating the participation of the least developed countries and other non-Annex I Parties in this effort;

(f) Strengthening the capacity of developing country Parties identified in Article 4.8 and 4.9 of the Convention for improving efficiency in upstream and downstream activities relating to fossil fuels, taking into consideration the need to improve the environmental efficiency of these activities;

(g) Assisting developing country Parties which are highly dependent on the export and consumption of fossil fuels in diversifying their economies;

8. *Encourages* Annex I Parties to adopt policies and measures that will result in reductions in emissions of greenhouse gases, as an effective contribution to minimizing the

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[4] Throughout this text, the term "environmentally unsound" means "environmentally unsafe and unsound".

adverse effects of climate change, and to provide information on these policies and measures in their national communications;

9. *Decides* to review the actions taken by Annex I Parties, in accordance with this decision, and consider at its third session what further actions are necessary, including the establishment of funding, insurance and transfer of technology, pursuant to Article 3.14;

Section C

10. *Requests* the secretariat to organize a workshop before the second session of the Conference of the Parties serving as the meeting of the Parties on methodological issues related to the adverse social, environmental and economic impacts of response measures on developing country Parties under Article 3.14 of the Kyoto Protocol;

11. *Requests* the secretariat to organize a workshop before the second session of the Conference of the Parties serving as the meeting of the Parties on the choice of policies and measures that Annex I Parties intend to adopt to meet their commitments under the Kyoto Protocol, on how these may adversely impact developing countries under Article 3.14, and on ways to minimize these impacts;

12. *Requests* the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation to consider the output of the workshops referred to in this decision, and to make recommendations thereon to the second session of the Conference of the Parties serving as the meeting of the Parties.]

<The above text on Article 3.14 is a proposal by the co-facilitators. As this has not been agreed to by the Parties, the original text for Article 3.14, as included in document FCCC/SB/2000/CRP.18, is still the formal text that represents the positions of the different Parties at this stage. This text is reproduced below>

[Draft decision -/[CMP].1]

[Matters relating to Article 3.14 of the Kyoto Protocol]

The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,

Determined to protect the climate system for present and future generations,

Having considered matters relating to Article 3.14 of the Kyoto Protocol,

Recalling decision 8/CP.4 of the Conference of the Parties, particularly as it refers to decision 5/CP.4 of the Conference of the Parties,

[*Recalling also* decisions 5/CP 4 and 12/CP.5 of the Conference of the Parties,]

[*Recognizing* that decision -/CP.6 of the Conference of the Parties establishes [an appropriate process] [appropriate mechanisms for implementing actions,] for information gathering and exchange on issues relating to the adverse effects of climate change and/or the impact of response measures,]

[*Insisting* that the extent to which developing country Parties will effectively implement their commitments will depend on the effective implementation by the developed country Parties of their commitments related to financial resources and transfer of technology and will take fully into account that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties,]

[*Reaffirming* that Parties should [strive to] protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities, and that accordingly, the developed country Parties should take the lead in combating climate change and the adverse effects thereof,]

Recognizing that developing country Parties that would have to bear a disproportionate or abnormal burden under the Convention should be given full consideration,

[*Noting* in particular the [request] [invitation] contained in decision -/CP.6 of the Conference of the Parties to the Intergovernmental Panel on Climate Change to prepare a special report on all aspects, including the methodological aspects, related to [the adverse] impacts of response measures on developing countries, particularly the least developed countries,]

Recognizing the special difficulties of those countries, especially developing countries, whose economies are particularly dependent on fossil fuel production, use and exportation, as a consequence of action taken to limit greenhouse gas emissions,

[*Recognizing* the [key] role that cost-effective and transparent flexibility mechanisms of the Kyoto Protocol could have in minimizing the impacts of response measures on non-Annex I Parties,]

[*Reaffirming* the environmental benefits of protecting and enhancing sinks and reservoirs of greenhouse gases, in accordance with Article 2.1(a)(ii) of the Kyoto Protocol, taking into account commitments under other relevant international environmental agreements,]

Reaffirming the importance of domestic policies and measures to reduce anthropogenic emissions of greenhouse gases in each Party included in Annex I, in minimizing the adverse effects of climate change [and the impact of the implementation of response measures],

Acknowledging the [need for] [role that can be played by] the progressive reduction or phasing out of market imperfections, fiscal incentives, tax and duty exemptions and subsidies in all greenhouse gas emitting sectors that run counter to the objective of the Convention and application of market instruments, in accordance with Article 2.1(a)(v) of the Kyoto Protocol,

1. [*Decides* to establish [a process] [mechanisms] that include[s] a programme of action to address matters related to Article 3.14 of the Kyoto Protocol, including information exchange and the development of methodologies related to the minimization of adverse social, environmental and economic impacts on developing country Parties, particularly those identified in Article 4.8 and 4.9 of the Convention, in all aspects, including methodologies related to the establishment of funding, insurance and transfer of technology;]

[*Decides* to [continue the] [establish a] process for the implementation of Article 3.14 of the Kyoto Protocol, including information exchange [and the development of methodologies relating to the minimization of] [relating to what actions are necessary to minimize the] adverse social, environmental and economic impacts on developing country Parties, particularly those identified in Article 4.8 and 4.9 of the Convention;]

Section A

2. <The following options would replace paragraphs 4 to 8>

Option 1:

[*Invites* Annex I Parties to] [*Decides* that Annex I Parties shall] provide information, [as part of the necessary supplementary information to their annual inventory report, in accordance with guidelines developed under Article 7.1 of the Kyoto Protocol, including the relevant information identified in the appendix to the guidelines for the preparation of information required under Article 7 of the Kyoto Protocol (FCCC/SBSTA/2000/CRP.17), to demonstrate compliance with their commitments under Article 3.14 of the Kyoto Protocol] on [their actions in] [how they are] striving, under Article 3.14 of the Kyoto Protocol, [to implement their commitments arising from the implementation of Article 3.1] [to implement their commitments mentioned in Article 3.1] of the Kyoto Protocol in such a way as to minimize adverse social, environmental and economic impacts on developing country Parties, particularly those identified in Article 4.8 and 4.9 of the Convention; this information should be provided by the time of COP/MOP xx;]

Option 2:

[[*Invites* Annex I Parties to] [*Decides* that Annex I Parties shall] provide information on their action in striving, under Article 3.14 of the Kyoto Protocol, to implement their commitments mentioned in Article 3.1 of the Kyoto Protocol in such a way as to minimize adverse social, environmental and economic impacts on developing country Parties, particularly those identified in Article 4.8 and 4.9 of the Convention; this information should be provided by the time of COP/MOP xx;

Requests the secretariat to compile and synthesize the information requested in paragraph xx above in a report;

Decides to consider at its second session the compilation and synthesis report referred to in paragraph xx above and take appropriate action;]

Option 3:

[[*Invites* Annex I Parties to] [*Decides* that Annex I Parties shall] provide information, as part of the necessary supplementary information to their annual inventory report, in accordance with the guidelines under Article 7.1 of the Kyoto Protocol, on their actions in striving, under Article 3.14 of the Kyoto Protocol, to implement their commitments mentioned in Article 3.1 of the Kyoto Protocol in such a way as to minimize adverse social, environmental and economic impacts on developing country Parties, particularly those identified in Article 4.8 and 4.9 of the Convention;]

3.

Option 1:

[[*Invites* non-Annex I Parties to] [*Decides* that non-Annex I Parties shall] provide information in their national communications [in accordance with Article 4.1 of the Convention and taking into account Article 4.3 and 4.7 of the Convention] and [any] other reports, on their specific needs and concerns related to the minimization of adverse social, environmental and economic impacts [arising from the implementation of response measures taken by Annex I Parties] on developing country Parties under Article 3.14 of the Kyoto Protocol;]

Option 2:

[*Decides* that Annex II Parties shall provide assistance to non-Annex I Parties to enable them to provide information on their specific needs and concerns related to the adverse social, environmental and economic impacts [that may arise] [that have occurred] from the implementation of commitments under Article 3.1 of the Kyoto Protocol;]

Option 3:

[*Invites* non-Annex I Parties to provide information on their specific needs and concerns related to the adverse social, environmental and economic impacts arising from the implementation of commitments under Article 3.1 of the Kyoto Protocol, and encourages Annex I Parties to provide support for that purpose;]

4. [[*Invites* non-Annex I Parties to] [*Decides* that non-Annex I Parties shall] provide information on actions they have taken, and plan to take, to address their concerns under Article 3.14 of the Kyoto Protocol;]

5. [[*Invites* Annex I Parties to] [*Decides* that Annex I Parties shall] provide information [, by [*date*], to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, through the secretariat,] on their [intended] policies and measures, their impacts, and suggested ways to minimize these impacts;]

6. [*Decides* that Annex I Parties shall provide information, including the relevant information identified in the appendix to the guidelines for the preparation of information required under Article 7 of the Kyoto Protocol (FCCC/SBSTA/2000/CRP.17) [, by the time of COP/MOP 2], to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, in accordance with guidelines developed under Article 7 of the Kyoto Protocol through

the secretariat,] on their [intended] policies and measures, their impacts, and measures taken to minimize these impacts;]

7. [[*Invites* Annex I Parties to] [*Decides* that Annex I Parties shall] provide information [, by [*date*], to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, through the secretariat,] on, *inter alia,* their progress in the reduction and phasing out of existing market imperfections, fiscal incentives, tax and duty incentives and subsidies in their energy sector, and on their plans to reduce or phase out such distortions];]

[*Decides* that Annex I Parties shall provide information in their annual inventory report in accordance with guidelines developed under Article 7.1 of the Kyoto Protocol by [COP/MOP 2], to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol through the secretariat, on, *inter alia,* progress on their reduction and phasing out of existing market imperfections, fiscal incentives, tax and duty incentives and subsidies in their energy sector, and on their plans to reduce or phase out such distortions;]

8. [*Affirms* that the consideration of actions under Article 3.14 to address the impact of response measures must be conditioned upon the actions taken by both developed and developing country Parties pursuant to Article 4.8 and 4.9 of the Convention;]

[*Aware* that the consideration of actions under Article 3.14 to address the impact of the implementation of response measures must meet the specific needs and concerns of developing country Parties;]

9. [*Decides* to develop guidelines to help determine if Annex I Parties are striving to minimize adverse effects, including the adverse effects of climate change, effects on international trade, and social, environmental and economic impacts on other Parties, especially developing country Parties, and in particular those identified in Article 4.8 and 4.9 of the Convention;]

[*Decides* to develop, by the time of COP/MOP 2, mandatory criteria to determine if Annex I Parties are in compliance with their commitments to minimize adverse effects, including the adverse effects of climate change, effects on international trade, and social, environmental and economic impacts on other Parties, especially developing country Parties, and in particular those identified in Article 4.8 and 4.9 of the Convention;]

10. *Invites* the Intergovernmental Panel on Climate Change, in cooperation with other relevant organizations, to prepare a technical paper on geological carbon storage technologies, covering current information, and report on it for its consideration at its xx session;

Section B

11.

Option 1 (Proposal by the Group of 77 and China, as amended by Saudi Arabia):

[*Decides*, by the time of the second session of the Conference of the Parties serving as the meeting of the Parties, that Annex I Parties shall start to implement the actions listed below, and shall report, in their annual inventory report, on actions related to

subparagraphs (a) to (c) below, and in their national communications on actions related to subparagraphs (d) and (e) below, in accordance with guidelines developed under Article 7:

(a) Restructuring their tax systems to reflect the greenhouse gas content in all greenhouse gas emitting sectors, and removing subsidies;

(b) Discouraging the production of fossil fuels in Annex I Parties, and concentrating on domestic actions that will not negatively impact their fossil fuel imports from developing country Parties;

(c) Discouraging the use of environmentally unsafe and unsound technologies, in particular nuclear energy, by reflecting their huge externalities, and ensuring that existing nuclear energy plants are constantly monitored to guarantee optimal safety;

(d) Removing the existing barriers (political and regulatory) to the use and import of oil, particularly in relation to the electricity sector;

(e) Encouraging wider use of carbon dioxide emission reduction, and carbon capture and storage technologies;]

Option 2 (Proposal by Canada, France on behalf of the European Community and its member States, Japan, Poland, Switzerland and the United States):

[*Invites* Annex II Parties, and any other Annex I Parties in a position to do so, to consider the actions listed in subparagraphs (a) to (e) below:

(f) Assisting developing countries, in particular those most vulnerable to the impact of the implementation of response measures, in meeting their capacity-building needs for the implementation of programmes which address these impacts;

(g) Considering appropriate technological options in addressing the impact of response measures, consistent with national priorities and indigenous resources;

(h) Cooperating in the technological development of non-energy uses of fossil fuels, and supporting developing country Parties to this end;

(i) Cooperating in the development, diffusion and transfer of less greenhouse gas emitting advanced fossil-fuel technologies, and/or technologies, relating to fossil fuels, that capture and store greenhouse gases, facilitating the participation of the least developed countries and other non-Annex I Parties in this effort;

(j) Strengthening the capacity of developing country Parties identified in Article 4.8 and 4.9 of the Convention for improving efficiency in upstream and downstream activities relating to fossil fuels, taking into consideration the need to improve the environmental efficiency of these activities;]

Option 3 (Proposal by Australia):

[[*Decides* that Annex I Parties shall] [*Invites* Annex I Parties to] [start to implement] [consider] the actions listed below:

(k) Removing subsidies on all greenhouse gas emitting [sources] [industries] and undertaking energy price reform to reflect market prices and externalities, including greenhouse gas content;

(l) Encouraging a wider use of carbon dioxide emission reduction, and carbon capture and storage technologies;]

12.

Option 1 (Group of 77 and China proposal, as amended by Saudi Arabia):

[*Decides* that Annex II Parties shall start to implement the actions listed in subparagraphs (a) and (b) below, and shall report back in their [national communications] [annual inventory in accordance with guidelines developed under Article 7.1] on their minimization efforts, by the time of the second session of the Conference of the Parties serving as the meeting of the Parties

(a) Assisting developing country Parties which are highly dependent on the export and consumption of fossil fuels in diversifying their economies;

(b) Providing prompt, adequate and just compensation to developing country Parties adversely impacted by the implementation of response measures by Annex I Parties;]

Option 2 (Proposal by Canada, Japan and the United States):

[*Invites* Annex II Parties, and Annex I Parties in a position to do so, to assist developing countries which are highly dependent on the export and consumption of fossil fuels in diversifying their economies;]

13. *Encourages* Annex I Parties to adopt policies and measures that will result in reductions in emissions of greenhouse gases, as an effective contribution to minimizing the adverse effects of climate change, and to provide information on these policies and measures in their national communications;

14.

Option 1:

[*Decides*, on the basis of the output of the workshops referred to in this decision, and in accordance with Article 3.14 of the Kyoto Protocol, the relevant provisions of the Convention, and the general principles of international law, to consider issues related to compensation, funding, insurance and technology transfer, for proven adverse impacts of response measures on developing country Parties;]

or

[*Decides*, on the basis of the output of the workshops referred to in this decision, and in accordance with Article 3.14 of the Kyoto Protocol, and the relevant provisions of the Convention, to take actions related to compensation, funding, insurance and technology transfer, for proven adverse impacts of response measures on developing country Parties;]

Option 2 (Proposal by Australia, Canada, Poland and the United States):

[*Decides* to review the actions taken by all Parties pursuant to Article 4.8 and 4.9 of the Convention and decision x/CP.6, and the information provided by the Intergovernmental Panel on Climate Change on these issues in its Third Assessment Report, and, pursuant to Article 3.14 of the Kyoto Protocol, consider further what actions are necessary to minimize the proven adverse effects of climate change and/or the impacts of response measures on developing country Parties;]

Option 3 (Co-chair):

[*Decides* to review the actions taken by Annex I Parties, in accordance with this decision, and consider at its xx session what further actions are necessary, including the establishment of funding, insurance and transfer of technology, pursuant to Article 3.14;]

15. [*Invites* oil producing and exporting Parties not included in Annex I to the Convention to consider setting up investment funds to promote economic diversification, and to undertake joint action aimed at minimizing any potential impacts of response measures on their economies, and to report progress made to the subsidiary bodies at their subsequent sessions;]

Section C

16. [*Requests* the secretariat to organize a workshop [*when?*] on methodological issues related to the [possible] [net] adverse impacts of response measures on developing country Parties under Article 3.14 of the Kyoto Protocol;]

17. [*Requests* the secretariat to organize a workshop [*when?*] on the choice of policies and measures that Annex I Parties intend to adopt to meet their commitments under the Kyoto Protocol, on how these may adversely impact developing countries under Article 3.14, and on ways to minimize these impacts;]

18. [*Requests* the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation, at their [xx] sessions, to [consider] [forward] the output of the workshops referred to in this decision, and to make recommendations thereon to [the second session of the Conference of the Parties serving as the meeting of the Parties] [at its [xx] session.]]